

**Lecture Summary:**  
*Professor James Austin*  
**Strategic Alliances: The Power of Partnering  
Between Nonprofits and Businesses**

The potential possibilities of partnerships between nonprofit organizations and businesses are endless. Within these partnerships there are three basic stages that make up the Collaboration Continuum:

*1. The Philanthropic Stage*

The Philanthropic Stage starts the relationship between businesses and nonprofit organizations. A nonprofit will approach a company, they'll request a donation. If the company is feeling generous that has some resources, then it might, in fact, give that donation.

*2. The Transactional Stage*

The Transactional Stage will become more of a two-way value exchange, and it goes beyond the money. The focus is on specific events or activities, cause-related marketing and expertise of employees.

*3. The Integrative Stage*

The Integrative Stage begins the process of blending and broadens the organizations missions, and their strategies, and activities begin to mesh together. They become, in a sense fused organizationally, so that it begins to take on the appearance much more of a joint venture, rather than as just simply a transaction.

**The Process of Partnering**

One of the critical issues is how to start the process of partnering. To do this, you need to make a connection.

*Making a Connection*

The marketplace of collaboration is a very imperfect marketplace. Opportunities are capitalized on and captured by the prepared mind. Those managers who are alert to, seeking, interested in having partners, and have thought about the kinds of partners they want, can spot those opportunities. Hitting core values is critical, most powerful alliances oftentimes involved touching a personal experience of the CEO, or some other manager, or somebody in the company- that your cause, as a nonprofit, really connected.

*Ensuring strategic fit*

You must have a strategic fit. There must be an alignment between the organizations if you're doing to have a powerful alliance. Sometimes you have to invest upfront. You've got to go through a process of discovering the fit. Oftentimes in a philanthropic relationship you begin interacting with people and you get to know the organization, both the business and the nonprofit, and you discover that there is some alignment.

There must be an alignment of three things: of your mission, of your values, of your strategy. And alignment is more powerful when it's broad.

### *Creating Value*

All relationships represent a value exchange. There is no such thing as a free collaboration. You must spend in order to earn. But, there are benefits to the nonprofit. There are benefits to the company. And in the end, the reason that you are collaborating is to also create superior benefits to the larger society. You're generating social value.

It's very important, if you want the value creation to really work, that there be balance. It needs to be a two-way flow and needs to be equitable.

### *Managing the relationship*

You can have a great connection, you can have alignment, and you can be creating value. But, if you don't manage the relationship explicitly and critically, it can all evaporate. You need to have great communication and responsibility assigned for managing your partner relationship.

### **Barriers to Collaboration – Seven Cs**

- **Culture.** The world of nonprofits and the world of businesses are often very different. There are different languages and terminologies. There are different ways to take decisions. There are different timelines for action. It's almost like going into a foreign country, where there's a foreign language and a foreign culture. So it's a barrier.
- **Conflicting goals.** You oftentimes don't have the same goals.
- **Confusion.** Not sure why we're partnering there, and can cloud things.
- **Control.** Every partnership, every alliance demands that both sides cede control.
- **Capabilities.** Will your partner have the competencies to deliver on the goods that you need to create the value?
- **Competition.** There may be many nonprofits competing for a single corporation.
- **Costs.** There are no freebies. You're going to have to invest.

### **Collaboration Guidelines- Seven Cs**

- **Clarity of purpose.** Really important that you are clear about why you are partnering.
- **Connection.** Two kinds of connections. First, is the purpose and second, is with the people.
- **Congruency.** Your missions must mesh and strategies synchronized.
- **Creation of value.** Both partners must create a virtuous circle of reciprocity, where value begins to increase in ever-larger amounts.
- **Communication.** This is a must between the partners, as well as in your own organization.
- **Continual learning.** How can you partner better together? How can you create more value with your partner?
- **Commitment to the partnership.** Most of the time, you are partnering for a long time. There will be conflicts, there will even be crises, and so, figuring out how to manage those, and be committed to managing those, is really important.

Summarized from the lecture text "Strategic Alliances: The Power of Partnering Between Nonprofits and Businesses" by Professor James Austin; Harvard Business School, 2004.

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